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Cc:

Subject: FW: TEFRA Question

Both the ultimate taxpayer and its sub should sign. See Treas. Reg. 1.1502-77(a)(6)(iii). Even though a settlement by a pass-thru partner binds indirect partners (I.R.C. 6224(c)(1)(last sentence; Treas. Reg. 301.6224(c)-2) a pass-thru partner cannot bind an indirect partner as to affected items and partner-level penalty defenses. For this reason you may also want to use the Form 870-LT rather than a Form 870-PT. The Form 870-LT deals with both partnership items and affected items unlike the Form 870-PT which only deals with partnership-level items. [REDACTED]

[REDACTED]